

ORIGINAL

MEMORANDUM



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Director
Utilities DivisionLJL for 2015 FEB -3 P 3: 56
AZ CORP COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

FEB 03 2015

DATE: February 4, 2015

DOCKETED BY

RE: MONTEZUMA RIMROCK WATER COMPANY
DOCKET NO. W-04254A-12-0204; W-04254A-12-0205; W-04254A-12-0206; W-04254A-12-0207; W-04254A-11-0323; W-04254A-08-0361; AND W-04254A-08-0362
DECISION NO. 74504 - SIX MONTH COMPLIANCE REVIEW NO. 1

In Decision No. 74504, dated May 30, 2014, the Arizona Corporation Commission ("Commission") issued its conclusions on seven consolidated dockets involving Montezuma Rimrock Water Company, LLC ("Montezuma" or "Company"). In order to keep the Commission apprised of Montezuma's status, the Utilities Division was ordered to monitor the Company's compliance performance for a period of 24 months. In order to achieve this, the Commission specifically ordered the following of Montezuma:

"Every six months from the effective date of this Order and for a period of 24 months, the Company shall file a compliance report regarding its adherence to the requirements of this Decision and Commission rules, regulations, and statutes."

The decision further requires that Commission Staff review the Company's 6 month filing(s) and make subsequent Staff filings detailing the compliance status of Montezuma during each six month period. Staff was also to include a recommendation concerning the Company's compliance or lack thereof, and whether a Show Cause proceeding should be initiated and other adverse action taken.

On November 5, 2014, Montezuma docketed a filing which was identified as "Compliance Report" on the cover. The filing was made within the 6 month requirement from the May 30, 2014 issuance of Decision No. 74504. The report included a cover letter and Company comments on the following Decision No. 74504 compliance items: revised rate schedules, notice to customers on rates, depreciation rates and the \$10.11 customer accounts credit. The cover letter also included the following statements of fact from Patricia D. Olsen:

"MRWC has not engaged in any long term contracts and does not intend to without prior Arizona Corporation Commission approval."

"MRWC has not received an AOC from ADEQ for the hydropneumatic tank. It has not implemented any surcharges to its customers in association with the hydropneumatic tank."

"MRWC has not executed the WIFA loan authorized by the ACC. MRWC has not implemented any surcharges to its customers in association with the WIFA loan storage tank"

Staff hereby files its compliance report. Although Decision No. 74504 called for 6 month review on that decision only, Staff evaluated the Company's compliance with all Commission decisions contained in the compliance database. Those decisions are Decision Nos. 74504, 74816, 74382, 71317 and 67583. Staff's compliance report is attached as Exhibit 1.

Decision No 74504

Each compliance requirement for Decision No. 74504 is outlined in Exhibit 1. Staff concludes that the Company has maintained compliance with the requirements of Decision No. 74504. The Company has complied with or is not delinquent on requirements relating to Rates and Charges, Customer Notice, Depreciation Rates, New Permanent Rate Application, Arsenic Media, Customer Accounts Credit, Customer Credit Documentation and the submittal of its required six month compliance report.

Decision Nos. 74816, 74382, 71317 and 67583

Each of the relevant compliance items for these decisions are outlined in the Exhibit 1. Staff concludes that the Company is in compliance with each of the requirements of these decisions, except for maintaining a \$30,000 bond with the Commission.

Decision No. 67583 ordered that Montezuma provide a Performance or Surety Bond in the amount of \$30,000. Information from Compliance database indicates that the Company renewed the \$30,000 bond until May 1, 2013 but did not send a renewal on the bond thereafter. The Company states that it thought the requirement was terminated. In the Company's most recent rate case, Staff recommended that this bond requirement be removed. However, this requirement was not specifically removed in Decision No. 74504. Since the decision did not specifically terminate the requirement, Staff considers this item to be delinquent. However, in light of the circumstances, Staff does not recommend an Order to Show Cause proceeding. Staff has spoken with the Company and the Company has indicated that it will renew its \$30,000 bond on file with the Commission by April 4, 2015. In the meantime, the Company indicated that it will file a request to reopen Decision No. 67583, pursuant to Arizona Revised Statutes ("ARS") §40-252, to remove the bond requirement. Based on the compliance status of the Company today, Staff would continue to recommend that the bond requirement be removed.

Conclusion and Summary

Decision No. 74504 ordered that a six-month compliance review be performed on Decision No. 74504 and Commission rules and Statutes. Staff has reviewed Decision No. 74504 and found that the Company has adequately complied with the ordered compliance requirements. The Company is current with their Utilities Division Annual Report required by ARS § 40-204.

Staff is unaware of any violation of any applicable rules, regulations or statutes. Staff does not recommend an Order to Show Cause or other adverse action be taken at this time. The Company indicates that the \$30,000 bond issue from Decision No. 67583 will be addressed by April 4, 2015.

SMO:BKB:red

SERVICE LIST FOR: Montezuma Rimrock Water Company
DOCKET NOS. W-04254A-12-0204 et al.

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MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-12-0204, et. al.
DECISION NO. 74504

Commission Decision Requirements Per Ordering Paragraphs

Montezuma Rimrock Water Company, LLC compliance requirements ordered in Decision No. 74504:

1. Rates and Charges.

IT IS THEREFORE ORDERED that Montezuma Rimrock Water Company, LLC shall file with Docket Control, as a compliance item in this docket, before May 1, 2014, revised rate schedules setting forth the following rates and charges. (Source: O.P. – 159, 13)

Filing Made: Yes. Separate tariff filing made on December 19, 2014 at Staff's request.

Current Status # 1. Company filed the customer notice claiming it was responsive to both the tariff and the customer notice. Staff found the filing was the customer notice and the tariff should have been provided separately and contacted company. The tariff was ultimately filed, reviewed and marked complied on 12/23/14.

Summary – Complied.

Reviewer: Cons/Bozzo

2. Customer Notice.

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC shall, as compliance item in this matter, notify its customers of the rates and charges authorized herein and their effective date, in a form acceptable to the Commission's Utilities Division Staff, by means of an insert in its next regularly scheduled billing and, within 10 days after the notice is sent to its customers, docket copies of the notice with the Commission's Docket Control. (Source: O. P. – 161, 20)

Filing Made: Yes. November 5, 2014.

Current Status # 2. Customer notification filing was included as Tab A of the November 5, 2014 compliance filing. It includes a notarized attestation dated June 2, 2014 stating that the certificate of public notice was mailed on May 29, 2014 to customers via the customer billing statement. It also included a copy of the three page customer notice provided to customers. This customer notice was worked on by both customer service and the Company to verify correctness of the notice. The final version was subsequently docketed as a compliance item.

Summary – Complied

Reviewer: Cons/Bozzo

3. Depreciation Rates.

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC shall use the depreciation rates by individual NARUC account presented in Table B of Staffs Engineering Report, and the separate depreciation rate for arsenic media authorized herein. (Source: O.P-161, 25)

Filing Made: Yes. November 5, 2014.

Current Status # 3. The depreciation rate filing was included as Tab B of the November 5, 2014 compliance filing. It included a copy of the chart of accounts and a plant in service / depreciation work paper demonstrating depreciation rates which the company states conform to the NARUC accounting method. The cover sheet states that Mr. Ray Jones of Aricor Water Solutions assisted with the process of providing the depreciation information. This item found to have met compliance.

Summary – Complied

Reviewer: Becker

MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-12-0204, et. al.
DECISION NO. 74504

Commission Decision Requirements Per Ordering Paragraphs (Con't)

4. New Permanent Rate Application.

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC shall, by June 30, 2017, file with the Commission a new permanent rate case application that uses a test year ending no later than December 31, 2016. (Source: O. P. – 162, 1)

Filing Made: No. Unnecessary

Current Status # 4. The Commission ordered due date for this item is June 30, 2017 (utilizing a Test Year no later than December 31, 2016). This item is not currently due and is classified as a Future compliance item.

Summary – Not Delinquent – Future Item - Item Not Currently Due. **Reviewer: Bozzo**

5. Authorizations and Obligations.

IT IS FURTHER ORDERED that the authorizations and obligations granted to and required of Montezuma Rimrock Water Company, LLC in Decision No. 71317 are modified as follows: the authority to obtain a WIFA loan has expired, the authority to apply for an arsenic remediation surcharge is expired, and the obligation to file an Approval of Construction for Well No. 4 or for the arsenic treatment project described in that Decision is eliminated. (Source: O.P. – 162, 4)

Filing Made: No. Unnecessary.

Current Status # 5. This Commission order specifically centers only on authority issues relating to Decision No. 71317, ordering that authority for a WIFA loan and authority for arsenic surcharge have expired and also that the obligation to file an ATC for Well No. 4 has been eliminated. This ordering paragraph does not create any requirement for submittal of a compliance item.

Summary - Not Delinquent - Authorization Only – No Compliance Requirement. **Reviewer: Bozzo**

6. Authority on Financing / Rask Loan Agreement.

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC's request for approval of financing in the form of a loan agreement in which Montezuma promised to pay Rask Construction the sum of \$68,592, with interest from May 1, 2012, at a rate of 6 percent per year, for installation of a water line from Well No. 4 to Well No.1 is hereby denied. (Source: O.P. – 162, 9)

Filing Made: No. Unnecessary.

Current Status # 6. This Commission order specifically centers only on authority (denial) for a requested loan agreement for constructing a water line. It does not create any new compliance requirement.

Summary – Not Delinquent - Authorization Only – No Compliance Requirement. **Reviewer: Bozzo**

MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-12-0204, et. al.
DECISION NO. 74504

Commission Decision Requirements Per Ordering Paragraphs (Con't)

7. Transmission Line Cost Recovery Invoicing.

IT IS FURTHER ORDERED that if Montezuma Rimrock Water Company, LLC desires in the future to request recovery of the costs of the transmission line between Well No. 4 and Well No. 1, Montezuma Rimrock Water Company, LLC shall include with its request documentation, in the form of a form of a detailed invoice, created by Rask Construction, breaking down the costs for labor, materials, and all other items and an accompanying affidavit from Mr. Rask attesting to the accuracy and completeness of the invoice. (Source: O.P. – 162, 13)

Filing Made: No. Unnecessary.

Current Status # 7. This Commission order provides direction on the method by which the Company should request recovery of certain costs in a future case. It is an order speculating on a future event and without a specific due date. Any potential request for recovery of costs will not come to fruition in the short term as the Company has just completed a rate case. This item is not currently due and is classified as a Future compliance item.

Summary – Not Delinquent – Future Item - No Compliance Item Due. Reviewer: Bozzo

8. Authority on Financing / Olsen Loan Agreement

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC's request for approval of financing in the form of a loan agreement in which Montezuma promised to pay its owner, Patricia D. Olsen, the sum of \$21,377, with interest from August 30, 2011, at a rate of 6 percent per year, for the purchase of the Well No. 4 site and a company vehicle, is hereby denied. (Source: O.P. – 162, 19)

Filing Made: No. Unnecessary.

Current Status # 8. This Commission order specifically centers only on authority (denial) of a requested loan agreement for the purchase of the Well No. 4 site and vehicle. It does not create any compliance requirement.

Summary – Not Delinquent - Authorization Only – No Compliance Requirement Reviewer: Bozzo

**MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-12-0204, et. al.
DECISION NO. 74504**

Commission Decision Requirements Per Ordering Paragraphs (Con't)

9. Authority on Financing / Arias Loan Agreement

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC's request for approval of financing in the form of a loan agreement in which Montezuma promised to pay Sergei Arias the sum of \$15,000 for the purchase of an 8,000 gallon hydro-pneumatic tank is hereby granted to the extent discussed above. Staffs estimated installation cost of \$3,541 is reasonable and shall be adopted as well. We also approve calculation of the associated surcharge as proposed by Staff. However, before the Company may begin collecting any associated surcharge for the pressure tank, the Staff shall verify that the Company has complied with Findings of Fact No. 21. Once all of the costs are collected, the Company shall comply with the steps set forth in Findings of Fact No. 21. (Source: O.P. – 162, 23)

Filing Made: No. Not Required.

Current Status # 9. This Commission order approves \$15,000 Arias loan, adopts Staff's installation costs and approves the Staff proposed surcharge calculation. No filing is required at this time. But, it does state that the Company cannot collect the surcharge until Staff verifies the Company has complied with FOF 21. FOF 21 states that the surcharge cannot begin until the pressure tank is installed, the tank has received an AOC, Staff has verified the tank purchase price paid by Mr. Arias and the Company obtains Commission approval of the proposed surcharge amounts. The Company is to file a letter when the tank "is installed and operational and has received an AOC from ADEQ". Staff then confirms via a field inspection. In a filing dated November 5, 2014, the Company stated that "MRWC has not received an AOC from ADEQ for the hydropneumatic tank". It has not implemented any surcharges to its customers in association with the hydropneumatic tank". These events will likely be more than a year's process. Therefore, this item is not currently due and is classified as a future compliance item.

Summary – Not Delinquent - Item Not Currently Due.

Reviewer: Bozzo, Thompson

10. Authority of Financing / WIFA

IT IS FURTHER ORDERED, with regard to Montezuma Rimrock Water Company, LLC's request for approval of financing in the form of a loan agreement with the Water Infrastructure Finance Authority of Arizona, that: (The Order then provides 13 sub-items regarding authority on financing and compliance items on the execution of the loan (most due 30 days after execution of the WIFA financing package.) (Source: O.P. – 163, 3)

Filing Made: No. Currently Unnecessary.

Current Status # 10. The various sub-items all hinge on the financing being executed to stimulate the detail outlined in the 13 sub-items. Without execution of the financing, there are no current requirements. The financing is currently on hold at WIFA pending action from the Attorney General's office. Therefore, the requirements in this ordering paragraph are not delinquent at this time. The item is classified as a Future compliance item.

Summary – Not Delinquent – Item Not Currently Due

Reviewer: Bozzo

**MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-12-0204, et. al.
DECISION NO. 74504**

Commission Decision Requirements Per Ordering Paragraphs (Con't)

11. Authority on Retroactive Financing / Nile River

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC's request for retroactive approval of long-term debt resulting from a 3-year lease with Nile River Leasing, L.L.C., with a principal amount of \$8,000, through which Montezuma obtained the building housing its arsenic treatment system, is hereby approved. (Source: O.P. – 164, 23)

Filing Made: No. Unnecessary.

Current Status # 11. This Commission order specifically centers only on authority (approval) for a 3-year requested lease agreement for an arsenic treatment building. It does not create any new compliance requirement.

Summary – Not Delinquent - Authorization Only – No Compliance Requirement. Reviewer: Bozzo

12. Authority on Retroactive Financing / Financial Pacific Leasing

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC's request for retroactive approval of long-term debt resulting from a 5-year lease with Financial Pacific Leasing, LLC, with a principal amount of \$38,000, through which Montezuma obtained its arsenic treatment system, is hereby approved except as to \$13,684, which represents excess capacity in the arsenic treatment system. (Source: O.P. – 164, 27)

Filing Made: No. Unnecessary.

Current Status # 12. This Commission order specifically centers only on authority (approval) for a 5-year requested lease agreement for the arsenic treatment system. It does not create any new compliance requirement.

Summary – Not Delinquent - Authorization Only – No Compliance Requirement. Reviewer: Bozzo

13. Arsenic Media and Depreciation Rate

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC shall capitalize the cost of its arsenic media and depreciate such arsenic media cost at a rate of 50 percent per year. (Source: O.P. – 165, 4)

Filing Made: Yes. November 5, 2014.

Current Status # 13. A “plant in service and depreciation” work paper was included within Tab B of the November 5, 2014 compliance filing. The filing included the chart of accounts, the work paper and a cover letter stating that the information conformed to the NARUC accounting method. In particular, the work paper showed an entry for “Acct 348 – Other Tangible Plant”. The account is designated at the Commission approved 50% depreciation rate and is noted as being for “Arsenic Treatment”. This item reviewed and found to have met compliance.

Summary – Complied

Reviewer Becker

MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-12-0204, et. al.
DECISION NO. 74504

Commission Decision Requirements Per Ordering Paragraphs (Con't)

14. Formal Complaint Findings

IT IS FURTHER ORDERED, as to John E. Dougherty's Formal Complaint against Montezuma Rimrock Water Company, LLC, that: (the order continues to provide the Commission conclusions on Allegations I, II, IV, VII, X, XI, XII, XV and XVII). (Source: O.P. – 165, 7)

Filing Made: No. Unnecessary.

Current Status # 14. This Commission order centers only on the substantiation or dismissal of the various allegations in the formal complaint. It does not create any new compliance requirement.

Summary – Not Delinquent – Commission Conclusions Only – No Compliance Req. Reviewer: Bozzo

15. Customer Accounts Credit

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC shall, in its first billing after the effective date of this Decision, provide each of its customer accounts a credit of \$10.11, which shall be listed separately on each customer bill as a "2009 unlawful arsenic surcharge refund."

(Source: O.P. – 166, 8)

Filing Made: Yes. November 5, 2014.

Current Status # 15. The \$10.11 customer accounts credit filing was included as Tab C of the November 5, 2014 compliance filing. It included an attestation form Ms. Olsen stating that the \$10.11 credit was included on the June 2014 bill to 108 customers. The filing also included a sample bill supporting the textual attestation.

Summary – Complied

Reviewer: Becker/Cons

16. Customer Credit Documentation

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC shall, within 60 days after the effective date of this Decision, file with the Commission's Docket Control, as a compliance item in this docket, documentation demonstrating that all of its customers have received the \$10.11 "2009 unlawful arsenic surcharge refund" credit in their bills as required herein.

(Source: O.P. – 166, 12)

Filing Made: Yes. November 5, 2014.

Current Status # 16. The Company provided the same filing as above for compliance with the customer credit documentation requirement. (See Tab C.) The filing provides documentation in the form of a single redacted bill which serves as an example of the bill received by 108 customers. On the customer bill, the credit is listed at the correct refund amount of \$10.11 and is properly labeled as outlined by the ACC.

Summary – Complied

Reviewer: Becker/Cons

MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-12-0204, et. al.
DECISION NO. 74504

Commission Decision Requirements Per Ordering Paragraphs (Con't)

17. Imposition of Fines (\$18,000)

IT IS FURTHER ORDERED that pursuant to the Commission's authority under A.R.S. § 40-425, we impose a fine upon the Company in the amount of \$1,000 for each of the twelve violations found in this Order, for a total fine of \$12,000. Further, pursuant to our contempt authority under A.R.S. § 40-424, we impose an additional \$250 per violation upon the Company and an additional \$250 per separate violation upon Ms. Patricia Olsen, for total contempt fines of \$6,000. Altogether, the fines imposed upon the Company and/or Ms. Olsen total \$18,000. Because the Commission desires to avoid any potentially adverse impact on the Company's customers, the Commission hereby suspends payment of the fines by Montezuma and Ms. Olsen at this time, subject to the provisions of Findings of Fact No. 51 of this Decision. (Source: O.P. – 166, 16)

Filing Made: Undetermined.

Current Status # 17. If Staff finds in its review that the Company compliance actions are adequate they may recommend waiver of the fine(s) and if the Company actions are not adequate Staff will make a recommendation as to whether payment of the fine, or portions thereof, is appropriate. Staff concludes that Montezuma has been responsive and forthcoming during Staff's review of Company's compliance items. As this is the initial 6 month report of a two year obligation, Staff concludes and recommends that the prospect of fines be deferred to future 6 month reporting cycles in this matter.

Summary – Deferred – No Current Fines

Reviewer: All Staff

18. Attorney General Consult

IT IS FURTHER ORDERED that because of the very serious nature of the Company's and owner's actions reflected in the record, the Commission directs the Legal Division to consult with the Attorney General's Office regarding a referral for possible further action against Montezuma and its owner under Arizona law. (Source: O.P. – 166, 18)

Filing Made: No. Unnecessary.

Current Status # 18. This Commission order specifically centers on the Commission's direction that one division consult with the Attorney General regarding referral for action under Arizona law. It does not refer to a requirement of the Company. As an update, the Legal Division of the Commission sent a referral letter to the Attorney General on June 27, 2014 and delivered a follow up letter to the Attorney General on August 25, 2014. This item is in a pending status, awaiting action from the Attorney General.

Summary – Not Delinquent – Item Not A Company Requirement

Reviewer: Comply.

MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-12-0204, et. al.
DECISION NO. 74504

Commission Decision Requirements Per Ordering Paragraphs (Con't)

19. Montezuma Compliance Report

IT IS FURTHER ORDERED that to ensure the Commission is apprised of Montezuma Rimrock Water Company, LLC's performance and conduct, the Commission's Utilities Division shall monitor Montezuma Rimrock Water Company, LLC's compliance with this Decision for the next 24 months. Every six months from the effective date of this Order and for a period of 24 months, the Company shall file a compliance report regarding its adherence to the requirements of this Decision and rules, regulations, and statutes. Within 2 months after each of the Company's filings, Staff shall file a Compliance Report detailing the status of Montezuma Rimrock Water Company, LLC's compliance with this Decision and with all applicable Commission statutes, rules, Decisions, and Orders during the period in question and making a recommendation concerning the Company's compliance or lack thereof, and whether a Show Cause proceeding should be initiated and other adverse action taken. (Source: O.P. – 167, 1)

Filing Made: Yes. On November 5, 2014.

Current Status # 19. This order outlines the requirement for the Company and Staff to submit compliance reports every 6 months for Commission review. Staff is to report on the company's compliance or lack thereof and whether other actions should be taken (including show cause proceedings). In this first 6 month report, Staff concludes that the Company is adequately moving forward in their compliance obligations and concludes that not adverse actions should be taken at this time. The filing was made within the 6 month requirement from the May 30, 2014 issuance of Decision No. 74504.

Summary – *Not Delinquent – No Adverse Actions At This Time*

Reviewer: All Staff

End Decision 74504

OTHER DECISIONS

MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-14-0347
DECISION NO. 74816

Commission Decision Requirements Per Ordering Paragraphs

Montezuma Rimrock Water Company, LLC compliance requirements ordered in Decision No. 74816:

1. **Notify Customers of BMP tariff.**

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC shall notify its customers, in a form acceptable to Staff, of the BMP tariffs authorized herein and their effective date by means of either an insert in the next regularly scheduled billing or by a separate mailing and shall provide a copy of the BMP tariffs to any customer upon request. (Source: O.P. – 3, 17)

Filing Made: Yes. Filing made on January 28, 2015.

Current Status # 1. Engineering Staff reviewed the BMP information provided by Patricia Olsen of Montezuma and approved the Company's BMP format. Staff checked docket for proof of the related notice to customers but found that no filing was made on the issue. On January 26, 2015, Staff contacted the Company to verify if the notice was provided. The Company stated that they were unaware of the notice issue and had not provided the notice. They indicated they could do the notice within a few days and Staff asked that they do so and docket evidence of the notification to customers. A check of e-docket shows that on January 28, 2015 the Company docketed a filing verifying that a letter to customers with copies of the BMP's were sent to customers on January 28, 2015. Decision No. 74816 was docketed on November 13, 2014. This item was ultimately complied on January 28, 2015.

Summary – Complied.

Reviewer: Bozzo

2. **Updated Tariff Letter.**

IT IS FURTHER ORDERED that Staff shall file a letter in the Docket confirming that the Montezuma Rimrock Water Company, LLC tariffs have been updated with the tariffs approved herein. (Source: O.P. – 4, 1)

Filing Made: No. Not Necessary.

Current Status # 1. Ordering paragraph does not relate to any action ordered by the Company.

Summary – Not Delinquent – Item Not A Company Requirement.

Reviewer: Bozzo

End Decision 74816

**MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-12-0204
DECISION NO. 74382**

Commission Decision Requirements Per Ordering Paragraphs

Montezuma Rimrock Water Company, LLC compliance requirements ordered in Decision No. 74382:

1. Notice of Approved Interim Emergency Surcharge

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company shall mail notice of the approved interim emergency surcharge to its customers, in a form and manner acceptable to Staff, to accompany the special billing set forth in Finding of Fact No. 21. (Source: O.P. – 7, 14)

Filing Made: Yes. Filing provided January 28, 2015 (was not required by decision).

Current Status # 1. A review of e-docket did not show evidence that the notice had been made to customers. Staff contacted the Company on January 28, 2015 to seek confirmation on whether the notice was provided and whether a filing was made in docket for Staff's attention/review. The Company stated the notice was accomplished but nothing was docketed as the decision did not require it. On January 28, 2015, the Company faxed a copy of the March 25, 2014 notice that was mailed to customers. This was the notice that was reviewed and approved by Staff. The Company has met compliance.

Summary – Complied

Reviewer: Bozzo, Reagan

2. Performance Bond (Or Other Comparable Financial Instrument).

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company shall obtain a performance bond, or other comparable financial instrument in the amount of \$10, and shall provide the original to the Commission's Business Office for safekeeping and file copies with Docket Control as a compliance item in this docket prior to charging the interim surcharge. (Source: O.P. – 7, 17)

Filing Made: Yes. Filing made on 3/21/14.

Current Status # 1. Company made the March 21, 2014 filing in amount of \$10 shortly after the decision was issued on March 19, 2014.

Summary – Complied

Reviewer: Bozzo

MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-08-0361
DECISION NO. 71317

Commission Decision Requirements Per Ordering Paragraphs

Montezuma Rimrock Water Company, LLC compliance requirements ordered in Decision No. 71317:

1 **Revised Rate Schedules.**

IT IS THEREFORE ORDERED that the following rates and charges are approved, and Montezuma Rimrock Water Company, LLC shall file, on or before November 1, 2009, revised rate schedules ...
(Source: O.P. – 18, 9)

Filing Made: Yes. Tariffs filed 11/3/09

Current Status # 1. Compliance database shows that Utilities Division Staff approved the above tariff on 12/28/09.

Summary – Complied

Reviewer: Bozzo

2 **Notice Customers of Revised Rates and Charges.**

IT IS FURTHER ORDERED THAT Montezuma Rimrock Water Company, LLC shall notify its customers of the revised rates and charges authorized herein and their effective date, in a form acceptable to the Commission's Utilities Division Staff, by means of an insert in its next regular scheduled billing.
(Source: O.P. – 20, 18)

Filing Made: N/A The decision does not require a docketed filing to verify notice.

Current Status # 1. A review of e-docket did not show evidence that the notice had been made to customers. Staff contacted the Company on January 29, 2015 to seek confirmation on whether the notice was provided and whether a filing was made in docket for Staff's attention/review. The Company stated the notice was provided but nothing was docketed as the decision did not require it. Consumer Services believes the notice was made, but due to the age of the item (2009) they cannot locate specific communication (e-mails) that definitively show this or provide additional information. Staff/Company considers the notice made and Staff considers compliance met.

Summary – Complied

Reviewer: Cons

3 **Approval of Construction For Well #4.**

IT IS FURTHER ORDERED that Montezuma Rimrock water Company, LLC shall file with Docket Control, as a compliance item in this Docket, by December 31, 2009, a copy of the Arizona Department of Environmental Quality Certificate of Approval of Construction for the new Well # 4.
(Source: O.P. – 21, 1)

Filing Made: No. Unnecessary.

Current Status # 1 Decision No. 74504 ordered that "the obligation to file an Approval of Construction for Well No. 4 or for the arsenic treatment project described in that Decision is eliminated". This item is closed and the obligation to comply removed by the Commission.

Summary – Not Delinquent – No Compliance Requirement

Reviewer: Bozzo, Becker

**MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-08-0361
DECISION NO. 71317**

Commission Decision Requirements Per Ordering Paragraphs

4 Approval of Construction for Arsenic Treatment Project.

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC shall file with Docket Control, as a compliance item in this Docket, by April 30, 2010, a copy of the Arizona Department of Environmental Quality Certificate of Approval of Construction for the arsenic treatment project described herein. (Source: O.P. – 21, 4)

Filing Made: No. Unnecessary.

Current Status # 1. Decision No. 74504 ordered that "the obligation to file an Approval of Construction for Well No. 4 or for the arsenic treatment project described in that Decision is eliminated". This item is closed and the obligation to comply removed by the Commission.

Summary – Not Delinquent – No Compliance Requirement

Reviewer: Bozzo, Becker

5 Rate Application.

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC shall file with the Commission, by May 31, 2012, a rate application using a test year ending December 31, 2011. (Source: O.P. – 21, 8)

Filing Made: Yes. Filed on 5/31/12.

Current Status # 1. On 05/31/12, the Company docketed its required rate application using a test year of 2011. Company filing was not after 5/31/12 due date outlined in the decision on page 22, line 20.

Summary – Complied

Reviewer: Comply

6 Arsenic Remediation Surcharge Application and Executed Loan Agreement.

IT IS FURTHER ORDERED that Montezuma Rimrock Water Company, LLC shall file the following with the Commission's Docket Control, as compliance items in this Docket, within 60 days after executing the documents finalizing the Water Infrastructure Finance Authority of Arizona loan: (1) an arsenic remediation surcharge application requesting approval of a surcharge that will provide the funds needed to enable Montezuma Rimrock Water Company, LLC to meet its principal and interest obligations on the loan, and (2) copies of each executed loan document or agreement setting forth the terms of the financing obtained. (Source: O.P. – 21, 27)

Filing Made: No. Unnecessary.

Current Status # 1. This compliance item relates to a \$165,000 WIFA loan to fund Arsenic Treatment approved in Decision No. 71317. The above item is no longer a pending compliance item. This is because Dec. No. 74504 modified the loan authorization (see page 162, line 6) on several items (including the Arsenic treatment), stating that "*the authority to obtain a WIFA loan has expired*" and "*the authority to apply for an arsenic remediation surcharge is expired*". Therefore, the above \$165,000 WIFA loan was never executed; the authority to borrow has been modified; and the obligation to comply has been effectively removed by the Commission.

Summary – Not Delinquent/Closed – No Longer A Compliance Requirement **Reviewer:** Becker/Bozzo

**MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-04-0270
DECISION NO. 67583**

Commission Decision Requirements Per Ordering Paragraphs

Montezuma Rimrock Water Company, LLC compliance requirements ordered in Decision No. 67583:

1 Performance or Surety Bond.

IT IS FURTHER ORDERED that the approval of Montezuma Estates Property Owners Association's application for the sale of its assets and transfer of its Certificate of Convenience and Necessity shall be expressly contingent upon Montezuma Rimrock Water Company, LLC filing with Docket Control, at least 30 days prior to the close of this transaction, a cop of a form of performance or surety bond in the amount of \$30,000 to insure that Montezuma Rimrock Water Company, LLC shall meet its obligations arising under its Certificate. (Source: O.P. – 10, 3 and FOF 37)

Filing Made: Yes. Filing made 5/4/05. Continuing filings made through May 1, 2013. Due 5/31/15

Current Status # 1. Information from Compliance database indicates that the Company renewed the \$30,000 bond until 5/1/13. The Company did not send a renewal on the bond thereafter. The Company states that it thought the requirement was terminated. Staff analysts recommended that this compliance requirement be removed in the Company's most recent rate case. However, this requirement was not specifically removed in Decision No. 74504. Since the decision did not specifically include terminating language on the bond, Staff considers this item to be delinquent. However, in light of the circumstances, Staff does not recommend an Order to Show Cause proceeding. Staff has spoken with the Company and the Company has indicated that it will renew its \$30,000 bond on file with the Commission by April 4, 2015.

Summary – Delinquent.

Reviewer: Multiple Staff

2 Certification – Outstanding Long-Term Debt.

MRWC shall file with the Commission, at least 30 days prior to the close of the transaction, certification that any outstanding long-term debt of the Company, if any, will be paid by Applicant from the proceeds of the purchase price and shall not be assumed by MRWC. (FOF 37)

Filing Made: Yes. Filing made on June 8, 2005.

Current Status # 1. Records indicate the filing was made in 2005 and item has been complied.

Summary – Complied

Reviewer: Bozzo

3 Annual Hook-Up Fee Report

MRWC shall file an annual report with the Director of the Utilities Division concerning its hook-up fee account in the form ordered in Decision No. 64665. (FOF 37)

Filing Made: Yes. Multiple filings made on yearly basis

Current Status # 1. Records indicate that the HUF report was filed through 2013. The 2014 HUF report is not due until 2/15/15. Item is periodic in nature and has no closing date. This item is not delinquent.

Summary – Not Delinquent – Item Not Currently Due

Reviewer: Bozzo

**MONTEZUMA RIMFOCK WATER COMPANY, LLC
DOCKET NO. W-04254A-14-0347
DECISION NO. 67583**

Commission Decision Requirements Per Ordering Paragraphs

Montezuma Rimrock Water Company, LLC compliance requirements ordered in Decision No. 67583:

4

Arsenic Treatment Plan.

MRWC shall file, with the Commission, within 60 days of the effective date of this Decision, its arsenic treatment plan, if not previously filed by Applicant. (FOF 37)

Filing Made: Yes. Filing made on 4/14/05.

Current Status # 1. Records indicate that the Arsenic Treatment Plan filing was made on 4/14/05 and the item is complied.

Summary – Complied

Reviewer: Bozzo

End Decision 67583.